

## **OFFTAKE AGREEMENT WITH ANGOLA’S LARGEST FOOD AGGREGATOR TO UNDERPIN 66% OF STAGE 1 PRODUCTION**

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**Minbos Resources Limited (ASX:MNB) (“Minbos” or “the Company”)** is pleased to announce that it has signed a binding Memorandum of Understanding (“MOU”) with the Grupo Carrinho (“Carrinho”), Angola’s largest agro-industrial group, for the supply of Cabinda Phosphate Rock to be used as fertilizer.

### **Highlights**

- MOU represents a significant milestone, the first offtake for Cabinda Phosphate Rock signed with Angola’s largest and most influential agro-industrial group.
- Fertilizer supply agreement for up to 869,000 tonnes of Cabinda Phosphate Rock over the first 7 years of production (to 2030), representing 66% of stage-1 production over the corresponding period.
- The MOU includes a proposed pricing mechanism, pegging the relative agronomic effect of Cabinda Phosphate Rock fertilizer to the price of Triple Super Phosphate. The pricing mechanism is in line with the assumptions used in the Definitive Feasibility Study<sup>1</sup>.
- Carrinho has a 1Mtpa. grain and oil processing facility in Benguela, fed by a network of silos in the Huambo and Huila Provinces. It is backed by a Sovereign Guarantee to support the development of the Benguela Facility and providing smallholder farmers with fertilizer and training, enabling them to supply grain and oil seed to the facility.
- The MOU provides for Minbos to supply Cabinda Phosphate Rock to Carrinho’s Benguela facility, through the Port of Lobito, beginning in the 2023/2024 growing season.
- Other key components of the agreement include a technical collaboration with Carrinho and Minbos to optimise the use of the Cabinda Phosphate Rock, including sharing field trial results, involvement in future trials and cfor demonstrations with small and large-scale commercial farmers.
- The MOU is subject to successful Carrinho-Instituto de Investigação Agronómica (IIA)-Minbos field trials to affirm the suitability of the Cabinda Phosphate Rock as a fertilizer. Minbos does not consider this to be a material risk given that it has already demonstrated the suitability and efficacy of Cabinda Phosphate Rock as a fertilizer in the Minbos-IIA field trials.

<sup>1</sup> ASX Release 17<sup>th</sup> October 2022; DFS Delivers Compelling Economics for Cabinda Phosphate Project

- In April 2023, Carrinho and Deutsche Bank closed a 10-year/€57 million lending facility to support the building of a 4,000 tonne per day fully automated soybean and sunflower crushing plant<sup>2</sup>.
- The Board of Minbos recently toured the Carrinho facility in Benguela, one of the most complete industrial parks in the world with 17 factories processing rice, wheat, corn and refined oil to produce more than 20 consumer goods.

### **Commenting on the MOU, CEO Lindsay Reed:**

*"It's hard to underestimate how important this offtake agreement is for Minbos and our plans to be Angola's largest supplier of fertilizer. Angola is undergoing a fundamental economic overhaul as the Government seeks to diversify its economy away from Oil and Gas and has agriculture firmly in its sights, with boosting crop yields inextricably linked to food security.*

*This is a proud day for the Company as we begin our development and production journey. To have so much of our initial production spoken for by one major partner, allows us to plan for new stages and wider customer engagement.*

*We look forward to working in partnership with the Carrinho group and the Angolan Government to ensure that our Cabinda Phosphate Rock fertilizer is applied where it can help. . We share their vision and commitment to Angola to contribute to the food and nutritional self-sufficiency of all Angolan people.*

*As the market in Angola continues to develop, we look forward to growing our business with groups like Carrinho with the knowledge that Angola's agricultural market is in its infancy and, as our fertilizer lifts yields for smallholder farmers, their appetite for our product will continue to grow."*

### **Update on other business activities**

Minbos and Carrinho have already discussed joint field trials for the coming season, and it will be important to affirm the crops and locations where the product is best suited. Minbos expects the Cabinda Phosphate Rock fertilizer will be suited to most smallholder applications and select commercial-scale applications.

In addition, Minbos continues other offtake discussions with several large private farms. Field trials at the Biocom sugar plantation in Angola are progressing very well, and Cabinda Phosphate Rock has been trucked to the SARIS sugar plantation in the Republic of Congo for trials this year. Cabinda Phosphate Rock is known to perform very well in sugar, and the Biocom trial is already outperforming adjoining plots. Minbos estimates the potential market for the three sugar plantations in the region at 15,000tpa. Trials with the largest maize and soy farmer in Angola are also underway, however, the extensive utilisation of liming on this property means that water-soluble products are likely to outperform Cabinda Phosphate Rock in most applications.

<sup>2</sup>Source: Deutsche Bank and SACE support local food production in Angola (12<sup>th</sup> April 2023)

Minbos is also engaging with government entities responsible for the funding and supply of fertilizer to smallholder farmers. IDA, the Institute for the Development of Agriculture, which is part of the Ministry of Agriculture and FADA, the Angolan Fund for the Development of Agriculture, work closely together to fund, supply and inform fertilizer use for smallholder farmers.

The IDA and Minbos are jointly planning a workshop in September 2023 to inform IDA extension service officers about the Cabinda Phosphate Rock fertilizer and its application. Last week, Minbos CEO, Mr Lindsay Reed, met the Minister for Agriculture HE. Antonio Francisco de Assis, who expressed his support for for the workshop and Cabinda Phosphate project.

Minbos has been invited by FADA to formally register as a supplier for a number of its initiatives, including the recently announced Plano de Graos (Grain Plan) under which Angola seeks to become self-sufficient in grains, including maize, rice, and sorghum and 50% of its wheat.

A recent visit to Porto do Caio in Cabinda confirmed it is on schedule to operate in 2026 and will support export shipping of Cabinda Phosphate Rock. In the last month, Minbos has received enquiries for export sales to Brazil and northern Africa. Minbos intends to follow up on this enquiries in the coming months.

The Company continues discussions with parties interested in producing Yellow Phosphorus in Angola and was pleased to introduce one of these parties to the Minister for Minerals, Resources and Petroleum last week in Angola.

Stage 1 of the Cabinda Phosphate project (187,500tpa) cannot supply all of these opportunities so, as the market prospects mature, our marketing and project teams will work together to finalise a schedule to double the capacity of the plant. The additional capital required to double the capacity of the Cabinda Phosphate project has been estimated at between \$US1.7-3.3M<sup>3</sup>.

### **About the Carrinho Group**

Carrinho is an Angolan private company committed to developing the first vertically integrated organizational structure in the food industry, managing all stages of the value chain, including:

- Origination: Direct relationships with local partners, producers of commodities, source raw materials to its manufacturing units to support the local food industry in Angola;
- Storage: The largest storage infrastructure in the country (Fig. 1), with a stocking capacity of 100,000 tonnes of cereals and 55,000m<sup>3</sup> of crude vegetable oil products;
- Manufacturing: The Industrial Complex of Carrinho ("CIC"), in Benguela, is comprised of 17 factories, the most integrated industrial concentration in the world, involved in the processing of Rice, Wheat, Corn, Biscuits, Pasta, Breakfast Cereals, refine and bottling vegetable Oil, in addition to the production of more than 15 consumer goods;

<sup>3</sup> ASX Release 13<sup>th</sup> April 2023; Minbos to Pursue Yellow Phosphorus Minerals Potential as part of Stage 2 Expansion.

- Transportation: Comprising a fleet of trucks and other means of transportation, with the capacity of moving over 1.4 million tonnes of load throughout sub-Saharan Africa by air, sea, and rail; and
- Wholesale and distribution: A network of wholesale stores, implanted in most major cities of the country.



Figure 1 - Carrinho Industrial Complex of Carrinho, located in Benguela.

**Other material terms of the MOU**

Parties	Minbos Resources Limited Grupo Carrinho
Term	2023/24 field season through to 2029/30 field season.
Binding nature	Notwithstanding the fact the MOU is binding on the parties, the parties have agreed to negotiate and execute a more formal offtake and distribution agreement as soon as possible.
Termination events	None stated.

Pricing	The pricing mechanism pegs the relative agronomic effectiveness (RAE) of Cabinda Phosphate fertilizer to the price of Triple Super Phosphate. In the formal agreement, the parties have agreed to review the RAE based on the results of field trials and also to negotiate final pricing based on the market price of equivalent products.
Governing law	Angola.

This announcement is authorised for release by the Board of Minbos Resources Limited.

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**Compliance Statement**

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

**Forward Looking Statements**

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices, or potential growth of Minbos Resources Limited, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.